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Written testimony of Russell Schwartz, VP/Director of Operations of Avon Health Center and West Hartford Health & Rehabilitation Center Concerning the Governor's Recommended FY 2016 and FY 2017 Proposed Budget

Good evening Senator Bye, Representative Walker and to the members of the Appropriations Committee. My name is Russell Schwartz. I am the Director of Operations for Avon Health Center and West Hartford Health & Rehabilitation Center. Avon & West Hartford are longstanding providers of nursing care in their communities. My family has operated these facilities for more than 40 years. Both facilities have a combined 280 beds, and employ over 400 staff members. Our facilities are highly rated by Medicare, and have won various quality awards, including the bronze and silver awards from the American Health Care Association.

I must emphasize the tremendous job my staff does at each facility, to deliver individualized person centered care to our residents, at a time when we are being asked to do more with less. We want to continue to be able to deliver the highest quality care and customer service experience to everyone that we admit to Avon and West Hartford. I am very proud of my staff for everything they do to enhance the quality of life for our residents.

But providing great quality care has enormous challenges. The biggest challenge is the severe financial pressures we face from flat or declining reimbursement, while at the same time regulations and public expectations of us continue to grow. We have not gotten any substantive rate increase from the State in almost a decade. Flat or negative revenue growth, paired with continued rising expenses make this an unsustainable situation. Our facilities have very high fixed operating costs, that can't be reduced even when census is down. The acuity of our residents is much more complex than in the past, and the residents that come to Avon and West Hartford need to be with us. Their needs are too complex for care at home.

My family partnered with the State over 40 years ago, to care for our frail and elderly state residents. The idea that our facilities could be cut this session is mind-boggling. We have poured

our hearts & souls into our facilities in caring for our residents, and took significant financial risks as well. The State must continue to honor its commitment, and provide the necessary funding so that we may continue to deliver the care and services expected from us.

While rates have remained stagnant, here are some examples of what our facilities have faced:

- Workers' Comp rates have increased by 10% per year.
- Property & Casualty Insurance has risen by 8-10% every year.
- Utilities, taxes, maintenance & repair costs, supplies, food and other ancillary and therapy costs have gone up each year.
- The added costs of implementing electronic health records, and the purchase of needed furniture and equipment, which has not been reimbursed in years.
- Wages and payroll taxes have increased, along with related health insurance and benefits related costs, and more.

Our industry needs your help. My facilities need your help. And ultimately my residents need your help. We cannot continue down this road where revenue fails to meet rising expenses. No business can survive this backward slide year after year. Without your help, I have very few options to choose from in order to keep my facilities viable. Any change I make will compromise my employees' livelihood, and jeopardize the quality of care delivered to my residents. There is no excess overhead to cut. I have done that already.

I am asking you to provide our nursing facilities the help they desperately need to care for our residents. Please help us deliver the high quality care we want to deliver, and the resources we need to do it.

Thank you and I would be happy to answer any questions you may have.